GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:193
ANSWERED ON:24.08.2007
MARKET BORROWINGS BY NABARD
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

(a) whether the National bank for Agricultural and Rural Development (NABARD) is borrowing money from the market;

(b) if so, the details thereof;

(c) the percentage of market borrowings of NABARD vis-a-vis its loan portfolio;

(d) whether this practice violates any RBI regulations; and

(e) if so, the details thereof and the reaction of the Government thereto?

Answer

FINANCE MINISTER (SHRI P.CHIDAMBARAM)

(a) to (e) : A Statement is laid on the Table of the House.

Statement referred to Parts (a) to (e) of Lok Sabha Starred Question No. 193 to be answered on 24th August, 2007, regarding Market Borrowings by NABARD, tabled by Shri Basudeb Acharia.

(a) to (c) : Yes, Sir. During the year 2006-07, NABARD had raised Rs. 10,898,79 crore at a weighted average cost of 8.69%. For the year 2007-08, it has raised Rs.6,186.51 crore at a weighted average cost of 9.66% as on 17th August, 2007.

The details of outstanding market borrowings vis-a-vis the loan portfolio, excluding the deposits by banks and loans given to State Government under Rural Infrastructure Development Fund {RIDF), for the financial years ending 2005-06 and 2006-07 are as follows :

(Rs. in crore)

Year	O/S Market Borrowings	O/S Portfolio	% age
2005-06	24,084,00	42945.53	56.08
2006-07	32,146.00	49503.07	64.94

/pre>

As on 31st July 2007 the total loans outstanding in respect of Short Term Production Credit, Medium Term (Conversion) and Liquidity Support, Investment Credit (Farm Sector, Non-Farm Sector and Self Help Groups), Rural Infrastructure _ Loans, financing to State Government for Share Capital contribution to Co-operatives aggregated to Rs.67,700 crore (including Rs.21,079.38 crore of RIDF loans to State Governments). In order to meet the requirement of such a large loan portfolio, NABARD has raised resources by way of borrowings to the extent of Rs.52,944 crore (including Rs.20,746.91 crore of RIDF deposits from Banks).

(d) : No, Sir. The Market borrowings of NABARD are within the stipulated RBI Law / Regulation as prescribed from time to time.

(e) : Does not arise.